

Message Text

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PAGE 01 CAIRO 00239 081616Z

43

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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ACDA-05 /083 W

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R 081505Z JAN 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9061

INFO AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MOSCOW

AMEMBASSY RABAT

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

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EO 11652: NA

TAGS: PFOR PINT EG XF

SUBJECT: SADAT INTERVIEW IN SIYASAH JANUARY 8

REF: FBIS JN 081058Y AMMAN

1. SADAT INTERVIEW WITH AHMAD JARALLAH OF KUWAITI DAILY, SIYASAH, IS GIVEN FEATURE PLAY IN CAIRO DAILIES JANUARY 8. FOLLOWING ARE HIGHLIGHTS DRAEN FROM FBIS TEXT OF MENA ARABIC VERSION:

A. DOMESTIC ECONOMIC PROBLEMS. CURRENT DEBTS ARE WELL OVER 2.4 BILLION EGYPTIAN POUNDS, BUT WHAT REALLY MATTERS NOW IS LIQUIDITY PROBLEM. EGYPT IS NOW SELF-SUFFICIENT IN OIL.

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PAGE 02 CAIRO 00239 081616Z

REVENUES FROM CANAL AND OIL ARE WORTH 600 TO 700 MILLION

DOLLARS ANNUALLY. EGYPT NEEDS LIQUID FUNDS AND A REASONABLE PERIOD OF GRACE TO SURMOUNT CURRENT CRISIS. IN 1976, SOME LOANS WERE REPAYED, THUS SAVING 60 MILLION POUNDS STERLING IN ANNUAL INTEREST. (COMMENT: LIQUIDITY PROBLEM IS AGAIN SURFACING IN OUR CONTACTS WITH GOE OFFICIALS. SADAT HAD NOT MADE SUCH PUBLIC PLEA TO RICH ARABS SINCE LAST JAN (CAIRO 268.) BUT SENIOR GOE OFFICIALS HAVE BEEN SAYING PRIVATELY THAT LIQUIDITY IS GOE'S TOP ECONOMIC PROBLEM.) PRIMIN SALIM WILL VISIT ARAB COUNTRIES IN NEAR FUTURE TO EXPLAIN EGYPTIAN DIFFICULTIES. "WE WILL NEED THREE TO FOUR BILLION DOLLARS (AHAM: TWO TO FOUR BILLION DOLLARS) IN NEXT TWO YEARS AND WILL PROVIDE 500 MILLION DOLLARS ANNUALLY FROM CANAL REVENUE (AS RE-PAYMENT).

B. SOVIET-EGYPTIAN RELATIONS. SADAT DID NOT CRITICIZE SOVIETS, BUT POINTED OUT IT IS USG ONLY WHICH CAN EXERT INFLUENCE ON ISRAEL.

C. SYRIA. SADAT TOOK PAINS DISSOCIATE PRESIDENT ASAD, WHOM HE "HOLDS IN HIGH ESTEEM," FROM BA'ATH DECEPTIONS. IN PARTICULAR, HE COMPLAINED THAT BA'ATH HAS SOUGHT "GUARDIANSHIP" OVER PLO DESPITE RABAT DECISION THAT NO ARAB STATE WOULD INTERFERE IN PALESTINIAN AFFAIRS.

D. JORDAN. HUSSAIN GOT BRIEF MENTION. SADAT FOUND HIS STATEMENT ON SINAI II "SAD AND REGRETTABLE."

E. MINI-SUMMIT. SADAT HAS "RECEIVED NOTHING" ABOUT POSSIBILITY OF MEETING WITH ASAD, HUSSAIN, KHALID AND ARAFAT.

F. LEBANON. AS USUAL, PRESIDENT DENOUNCED ANY INTERFERENCE, AFFIRMED EGYPT CONTINUES REFRAIN FROM INTERVENTION BY MEANS OF ARMS AND MONEY AND DECLARED HE SIMPLY DOES NOT KNOW HOW PROBLEM CAN BE SOLVED.

G. MOROCCO/ALGERIA. SADAT WAS AT PAINS TO AVOID TAKING SIDES, REMARKING ISSUE LEAVES HIM "PAINED AND EMBARRASSED" AND HE PREFERS THAT EGYPT TRY FIND SOLUTION INSTEAD OF TAKING SIDES. (COMMENT: HE DID NOT, HOWEVER, SAY EGYPT WOULD ACT AS MEDIATOR, AND WE DOUBT THAT EGYPT WILL TAKE ON SUCH THANKLESS TASK.)
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PAGE 03 CAIRO 00239 081616Z

H. LIBYA. PRESIDENT DENIED HE HAS HAD SECRET MEETING WITH QADDHAFI, NOTING LIBYA NEWSPAPERS ONLY A FEW DAYS AGO HAD ATTACKED HIM AND HIS FAMILY.

I. ARMS AND MILITARY DEBTS. PLICY OF DIVERSIFICATION OF ARMS SOURCES HAS "SUCCEEDED" BUT SOVIET SOURCE REMAINS IMPORTANT, SINCE MAJOR PART OF EGYPTIAN WEAPONRY IS RUSSIAN.

PRIMIN WILL ASK FOR EXECUTIVE SESSION OF PEOPLES ASSEMBLY TO INFORM MEMBERS OF "FULL PICTURE CONCERNING MILITARY DEBTS."
(COMMENT: IF PRIMIN DOES IN FACT MAKE SUCH DISCLOSURE, IT WILL BE FIRST TIME GOE HAS EVER PROVIDED SUCH INFORMATION AND, EVEN IF SESSION IS SECRET, WILL BE COMMON KNOWLEDGE WITHIN HOURS.)

J. FAHMY'S POSITION. DESCRIBING HOW HE CHOOSES HIS ASSISTANTS, SADAT SELECTED FAHMY AS EXAMPLE OF ONE OF EGYPT'S "SHINING PERSONALITIES" WHO HAD RECEIVED HIS APPOINTMENT AS FONMIN BECAUSE OF "MARVELOUS" STUDY HE HAD PREPARED FOR SADAT ON UN MATTER IN 1973. (COMMENT: CHOICE OF FAHMY AS ILLUSTRATIVE EXAMPLE OF OUTSTANDING CABINET SELECTION IS CLEAR VOTE OF STRONGEST CONFIDENCE IN HIM BY SADAT.

2. COMMENT: INTERVIEW CONTAINS LITTLE NEW EXCEPT FOR FIGURES ON EGYPTIAN ECONOMIC NEEDS. SADAT HAD SPOKEN PUBLICLY OF LIQUIDITY CRISIS BEFORE, BUT PROBLEM IS, OF COURSE, STILL ACUTE. FAHMY SHOULD BE PLEASED TO HEAR HIMSELF DESCRIBED IN SUCH GLOWING TERMS AND HIS OPPONENTS IN THE PRESIDENCY WILL BE PROPORTIONATELY ANNOYED. MOST STRIKING THING IN INTERVIEW FOR EMBASSY IS FOR BEARANCE WITH WHICH PRESIDENT OF REPUBLIC RECEIVED IMERTINENT QUESTONS FROM MR. JARALLAH SUCH AS: IS SADAT STILL AFRAID OF THE EXERCISE OF FREEDOM, WHAT IS SADAT'S VIEW THAT EGYPTIAN DEMOCRACY IS NOTHING BUT PLAY WRITTEN BY SADAT AND ACTED OUT BY SPEAKER MAR'I, AND HOW DOES SADAT FEEL ABOUT VIEW THAT HIS PERSONAL DRESS REFLECTS HIS ENJOYMENT OF POWER.
MAESTRONE

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